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CENTRAL INTELLIGENCE AGENCY

31 July 1958

MEMORANDUM FOR THE DIRECTOR

SUBJECT: THE OUTLOOK FOR PAKISTAN*

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SUMMARY

1. Pakistan is now more unstable than it has been at any time since its beginning as a nation 10 years ago. The economy is in desperate straits. Political organization and leadership have degenerated. There is widespread popular disgust at the obvious inability of the present ruling group to cope with the basic problems besetting the country. There appears to be little likelihood that this situation will improve in the foreseeable future. Nonetheless, the chances are against either a major internal upheaval or a foreign policy change in the next year or two -- chiefly because the pro-Western army will remain in a position to determine events.

* This memorandum has been discussed with DD/P and OCI who generally concur in it.

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DISCUSSION

The Problem of Instability

2. In the past few years, the Pakistani economy has proven unable to support any increase in the standard of living for the country's growing population. This has been due mainly to heavy defense spending, failure to increase agricultural production and exports, and a low rate of industrial investment and development. Political instability and the lack of interest of most political leaders in economic affairs have prevented a sustained attack on the economic problem. Apart from this, Pakistan is almost totally lacking in exploitable natural resources, and thus has little to work with.

3. As a result, Pakistan has fallen into a high degree of dependency on the US in order to maintain even the present unsatisfactory situation. US grants, loans, and PL 480 food shipments cover about 25 percent of the country's total import requirements. US counterpart rupee funds are expected to account for about 40 percent of total rupee expenditures in the FY 1958-59 development budget. In the field of military spending, Pakistan has over the past two years put up a total of some \$385 million (i.e. about 65 percent of its regular budget) while the US has supplied about \$190 million.

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4. Pakistan has neither a genuine dictatorship nor a competent parliamentary system. There has been no national election. The old Moslem League, which was at one time a fairly strong political party, has disintegrated. There are now a number of political groups and factions, whose leadership often changes and whose organization is perfunctory. President Mirza has weakened his power and prestige as head of state by constant political maneuvering aimed at curtailing the influence of former Prime Minister Suhrawardy, Mirza's only real rival for leadership of the government.

The Outlook for the Next Few Years

5. The indications are that this unhappy situation will continue at least for the next year or two. Politically, there appear to be three alternative courses of development. All of them depend primarily on President Mirza. First, Mirza could attempt to delay for several months the general elections now planned for early 1959. This would be at best a temporary expedient. It would almost certainly result in increased popular tension, and would not resolve the struggle between Mirza and the politicians who are now competing with him for power.

6. The second alternative would be for Mirza to allow the elections

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to take place on schedule. In this event Mirza might be able to work out a deal with one or two of the political parties which would enable him to remain in office.* Even if he were able to do so, however, the presently unstable situation would be merely perpetuated. None of the major political parties has any significant following in both East and West Pakistan, and it is unlikely that any of them would win a majority in the country at large. Nevertheless, the mere holding of an election would probably mollify unrest for a time at least. The popular and able Suhrawardy -- or perhaps even some hitherto untried political leader -- might manage to establish a more stable and efficient coalition than has been possible in the past. However, Mirza, as long as he retains the presidency, will probably be jealous of an attempt by any prime minister to assert effective political leadership.

7. The third alternative would be for Mirza to dispense with elections and attempt to rule by decree. This he has frequently

* Mirza is now "provisional" president. According to the constitution, the new national assembly chosen in the general elections sitting together with the two provincial assemblies will elect the first regular president.

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threatened to do, and probably continues to have the capability to do, since he would probably have the support of the army and the civil service. If he is unable to work out enough deals with politicians to give him a reasonable assurance of continuance in the presidency after elections, we believe that there is at least an even chance that he will attempt to take over direct control of the country within the next several months. We believe that over the long run this course of action would contribute to instability to a greater degree than would the holding of elections.

8. The main reasons for this belief are: (a) the deep and widespread Pakistani desire for an election after ten years of nationhood, indefinite postponement of which would further weaken Pakistan's already debilitated political party system, (b) Mirza's almost complete lack of popular support, based in part on his open contempt for East Pakistan and his partiality toward his own minority Shia Moslem community, (c) his probable inability to devise the comprehensive program and take the vigorous action which a stable and efficient dictatorship would require. Moreover, we have some doubt that the civil and military services, many of whom resent Mirza's involvement of the services in politics, would support him indefinitely.

9. Barring a greatly increased program of economic aid or the discovery and exploitation of large quantities of oil, the economic situation will almost certainly continue to deteriorate. A heavy cut-back in

defense spending would alleviate the situation but neither Mirza, nor the

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civil and military services, nor any significant number of politicians are likely to be prepared to cut back as long as relations with India remain unfriendly. Even if a large cutback were to be made, it probably would not be adequate to counterbalance dwindling foreign exchange reserves, worsening terms of trade, languishing agricultural and industrial production, and continuing population growth. In addition, such a cutback (unless made up for by greatly increased US military aid) would result in the speedy undoing of Pakistan's one achievement of the past few years' the development of modern, well-equipped military force.

10. Despite this grim outlook, the chances appear to be against any major internal upheaval or foreign policy change in the next year or two. The army has the power to maintain internal security. It is apparently still united, still reluctant to engage in partisan politics, and generally pro-Western in outlook. While it presently supports Mirza, it would probably support any government which appeared genuinely devoted to achieving efficiency and stability.

11. Although nationalist-neutralist sentiment has a potentially powerful appeal at practically all levels in Pakistan, all of the more important individuals and groups presently competing for power, with the probable exception of the National Awami Party, are generally sympathetic to the West by background and inclination. None of them

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now advocates any internal policy more radical than land reform and a mild form of socialism. Radical dissident groups of both the right and the left which would overturn the existing order (including the Communists who are under a legal ban), are poorly organized and lack capable leadership. The mass of the people, while increasingly discontented with the poor performance of their government, are relatively unsusceptible to manipulation by Nasser or other foreign nationalist agitators.

12. Pakistan's hostility toward India is likely to continue, since there appears to be little chance that any government will be politically strong enough to reach lasting settlements on such sensitive problems as Kashmir and, the canal waters dispute. A gradual improvement in Pakistan's relations with Afghanistan has been evident over the past year or so but basic distrust will probably continue between the two countries as long as the Pakistan dispute remains unsettled. Pakistan's need to dispose of its surplus cotton exports and its wide variety of import requirements will probably ultimately result in increased susceptibility to economic overtures from the Soviet Bloc, regardless of what group holds political power in the country.

13. However, widespread resentment at the USSR's open support of India and Afghanistan in their quarrels with Pakistan makes it unlikely that the Soviet Union will be able to exert any significant political

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influence in the foreseeable future. Even more importantly, the civil and military services, conscious of Pakistan's dependence on the US, are unlikely to permit the growth of Soviet influence. At this time there appears to be no significant threat from within Pakistan to the country's continued cooperation with the West -- including its membership in SEATO and the Baghdad Pact -- although the effectiveness of that cooperation may be increasingly limited by economic and political troubles at home.

The Longer Term Outlook

14. After the next few years, if the political and economic situations continue to deteriorate, growing popular unrest will increase the chances of some kind of upheaval. While the army will probably remain for the foreseeable future capable of controlling developments, the possibility of the eventual coming into power of a new group with new policies will grow -- especially if unrest develops among middle level army officers and civil servants. The advent of a new group is more likely in East Pakistan, where the army is in a less influential position. The present sense of grievance is strongest there, and the possibility will remain that East Pakistan might take advantage of a particularly acute period of instability to acquire a greater degree of autonomy.

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15. It is very difficult to estimate at this time just what form a major political reorientation in Pakistan would take. It might develop into a rightist Islamic reaction. More likely, however, in view of the trend elsewhere in the area, it would be a leftist nationalist movement. It is also possible that different developments might occur in the two parts of the country. In any event, Pakistan's willingness and ability to cooperate with the West would probably be greatly reduced.

FOR THE BOARD OF NATIONAL ESTIMATES:

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